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Spain

Citrus

Trends in Spain's Citrus Sector 1998

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Report Highlights:

Plagued by a particularly harsh incidence of Tristeza this year, Spain's 1998/99 citrus production is forecast to decline about 12 percent. Due to the shorter crop expectations, exports are forecast to fall, particularly fresh orange shipments.

While Spain holds few opportunities for U.S. fresh citrus exporters, potential exists for U.S. orange juice exporters.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1], SP

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Executive Summary

Spain's total 1998/99 citrus crop is forecast to reach 4.9 million tons, about 12 percent below last year. Orange and tangerine production is forecast to decline 13 and 12 percent, respectively, while lemon production is expected to grow about 6 percent. A particularly high incidence of Tristeza in many key producing areas is the primary reason for the expected decline in orange and tangerine production. The overall quality of the fruit is reportedly good; however, in some areas high temperatures and lack of rain during certain key periods of the growing cycle produced smaller fruit of less than optimal color. In addition, the maturity of the fruit is about two weeks behind in some areas. Total area devoted to citrus production in Spain remains relatively constant, with some orange area being replaced by tangerine groves. Production in Valencia (about 75 percent of output) continues to account for the majority of Spain's citrus crop followed by Andalucia and Murcia.

Citrus consumption is forecast to decline somewhat in 1998/99, due primarily to a decline in orange consumption.

Total Spanish citrus exports during calendar year 1997 was 3.1 million metric tons, about 337,832 tons more than the previous season. About 82 percent of Spanish citrus are exported to other EU countries. With the lower expected crop, total citrus exports are forecast to decline about 10 percent in 1998/99.

As Spain a major citrus producer and exporter, U.S. citrus exporters have few market opportunities in Spain. Orange juice consumption, however, continues to grow, and U.S. juice exporters may find continually growing opportunities in Spain.

NOTE: Current exchange rate is 135 pesetas/\$1.00
1 ECU = 167.29 pesetas - \$1.17.

Production

The production forecast for the main citrus crops by region for marketing year 1998/99 is as follows:

Spain's 1998/99 Forecast Citrus Production						
Metric Tons						
	Sweet Oranges	Tangerines	Bitter Oranges	Lemons	Grapefruit	TOTAL
Valencia	1,668,463	1,573,498	0	220,314	5,291	3,467,566
Murcia	104,280	51,000	0	361,500	14,000	530,780
Andalucia	519,179	63,680	14,152	93,976	8,271	699,258
Catalonia	40,143	45,449	0	750	10	86,352
Balearic Is.	23,500	2,200	0	3,400	0	29,100
Others	32,880	1,015	0	8,400	100	42,395
TOTAL	2,388,445	1,736,842	14,152	688,340	27,672	4,855,451

Fresh Oranges

The 1998/99 orange crop is forecast at 2.39 million tons, down about 13 percent from the previous season. The expected drop in production can be mainly attributed to crop damage caused by Tristeza and the citrus miner pest. Spain continues to produce primarily table-type orange varieties, notably Navel oranges, which also comprise approximately two-thirds of Spain's orange exports. Production of all other varieties, with the exception of the Valencia Late and Salustiana, continues to decline, being replaced by tangerines. The quality of the 1998/99 orange crop is reportedly good, although the maturity is reportedly almost two weeks behind. In addition, high temperatures and lack of rain during critical periods of the growing cycle have caused the fruit to be smaller and have sub-optimal coloring. As the table above indicates, Valencia continues to be the most important producing region, followed by Andalucia. Producer prices for 1998/99 Navelina orange currently range from 375 to 450 pesetas per "arroba" of 12.8 kilograms. At the beginning of the previous season prices ranged from 400 to 550 pesetas per "arroba".

Fresh Tangerines

The 1998/99 tangerine crop is estimated at 1.74 million tons, a 12 percent decrease from the previous year. Clementine is still the most important tangerine variety, accounting for about 62 percent of the total tangerine production. Like the orange crop, the tangerine crop this year is somewhat lagging in maturity, and fruit sizes are smaller than hoped in some areas. Producer prices for 1998/99 tangerines currently range from 400 to 425 pesetas for early Satsumas, 580 to 700 pesetas for Oroval and 700 to 800 pesetas for Clemenvillas per "arroba" of 12.8 kilograms. At the beginning of the previous season prices ranged from 400 to 700 pesetas per "arroba".

Fresh Lemons

The 1998/99 lemon crop is estimated at 690,000 tons, about 6 percent above the previous year. The continuing recuperation of the lemon orchards following the dry years of the mid-90s, combined with good rainfall in 1998, is expected to boost lemon output this year. Producer prices for 1998/99 Fino lemons currently range from 80 to 27 pesetas per kilo. At the beginning of the previous season prices ranged from 35 to 60 pesetas per kilogram.

Fresh Tangerines

Orange Juice

An estimated 650,000 tons (9 percent up from the previous year) of fresh oranges were delivered to processors in 1997/98, resulting in 42,250 tons of orange juice (65 brix). Deliveries during 1998/99 are expected to be slightly lower due to the shorter crop. In Spain, oranges are not grown exclusively for juice production. Oranges for juice are primarily those that have been rejected for fresh consumption. Like orange production, most orange juice plants are located in the Valencia region.

In terms of production support measures, no changes have occurred since EU Regulation 2343/96, of December 1996 established a minimum price to be paid to citrus fruit producers for delivery of oranges, tangerines, clementines or satsumas for processing. These prices, expressed in ECU/100 Kg, are as follows:

Oranges	14.18
Tangerines	15.95
Clementines	12.57
Satsumas	9.70

The same EU Regulation established the following payments, expressed in ECU/100 Kg, be granted to processors for processing oranges, tangerines, and clementines into juice:

Oranges	9.43
Tangerines	12.20
Clementines	7.96

Other Fresh Citrus

Only bitter oranges are included under the "Other Citrus" category. The 1998/99 bitter orange output is estimated at 14,152 metric tons, about 5 percent below the previous year.

Crop Area

The estimated area devoted to the various citrus crop in Spain is as follows:

**Spain's Citrus Area
Hectares**

	Sweet Oranges	Tangerines	Lemons	Grapefruits **	Other* Citrus**	TOTAL
Valencia	85,546	85,946	13,964			
Murcia	9,502	1,365	21,553			
Andalucia	31,868	5,214	6,527			
Catalonia	2,943	3,946	76			
Balearic Is.	2,753	274	284			
Others	1,181	327	240			
TOTAL	133,793	97,072	42,644	992	1,178	275,679

* Includes: Bitter Oranges, Limes and Other Citrus Fruits.

** No production by region data available.

The data in the above table and in the PS&Ds are based on a survey taken in 1996, the last official data published. However, area under citrus production has not changed significantly in the most recent three years. The most notable change has been a slight increase in tangerine area and a decline in that for oranges and lemons. The success of Spain's tangerine sector in recent years has led to producers replacing orange and lemon groves with tangerines. New early and late season tangerine varieties are replacing traditional the traditional varieties, as the export and domestic market pay comparatively higher prices for these types of tangerines.

Expansion in citrus area continues to be deterred by the presence of pests, primarily Tristeza. White fly and Tristeza are the two most common and persistent pests in Spain's citrus areas. The sector's attempts to control Tristeza are primarily focused on replacing groves with virus-free rootstock, notably Citrange Troyer. Spain's Government subsidizes the replacement of diseased or suspect orange trees with more Tristeza resistant stock. In addition, during 1998/99, the Valencia regional government will dedicate about 1,000 million pesetas in an attempt to fight Tristeza. White fly is being treated with butacarboxin and biological control measures. Also, since 1994, the citrus crops have been affected by the leaf caterpillar miner (*Phyllocnistis citrella* Stainton). During the current season, due to high temperatures, this insect has again been active in the citrus producing areas.

In addition to pest problems, the lack of the availability of irrigation water caps citrus area. Almost all citrus in Spain is dependent on irrigation, mainly drip irrigation.

Consumption

Total citrus consumption is expected to be slightly lower during the current campaign due to lower fruit availability. Fresh orange consumption, which accounts for 27 percent of total fruit consumed in Spain and more than half of the citrus fruit consumed, is forecast to account for the majority of the decline, with tangerine

and lemon consumption forecast to remain relatively stable. Per capita citrus consumption is estimated at around 30 kilograms

Orange juice consumption has grown steadily for several years and is expected to continue during 1998/99. Orange juice today represents about 30 percent of the local fruit juice market. Total annual per capita consumption of orange juice is estimated at about 5 liters.

Among other citrus fruits, bitter oranges are produced in mainly for processing into marmalades and other preparations. About 80 percent is used in the domestic market and the rest is exported to other EU countries.

Trade

Fresh Oranges

Orange exports are estimated to have increased during the 1997/98 marketing year due to the higher availability of domestic supplies. During the first 8 months of marketing year 1997/98 (November-97/June-98), orange exports totaled 1,286,279 metric tons. Based on that pace, exports are estimated to have reached about 1.35 million tons, about 9 percent above the previous season. Exports in 1998/99 are forecast to decline due to expectations for a smaller crop. Spain's traditional import markets are Germany, France, Holland, Belgium and the United Kingdom. Orange exports generally begin in October and continue through the following September. However, these exports have a marked seasonal pattern. Approximately 40 to 50 percent of these exports move into foreign markets between October and December, and then progressively decline to about 15 percent in January and to less than 1 percent in September.

In calendar year 1997, Spain imported 62,093 metric tons of fresh oranges, 43 percent above the previous year. The majority of these imports were from South Africa, Argentina, Uruguay and Brazil. Orange imports are estimated to have declined significantly during 1997/98, but are forecast to rebound in 1998/99 in line with lower production expectations

Fresh Tangerines

During the first 8 months of marketing year 1997/98 (November-97/June-98), tangerine exports totaled 1,144,884 tons. Based on that pace, exports are estimated to have reached about 1,460,000 metric tons, about 18 percent above the previous season. Exports are forecast to decline in 1998/99 as a result of the smaller crop. In calendar year 1997 Spain exported 1,317,746 metric tons of tangerines, 17 percent above the previous year. Spain's tangerine exports to the United States amounted to 37,869 metric tons, representing a 64 percent increase from the previous year's exports of 23,107 metric tons. A further increase is expected during the current year.

Tangerine imports into Spain in 1997 amounted to 1,304 metric tons, only about one-third the level of imports the previous year. Imports are forecast to remain minimal in 1998/99.

Fresh Lemons

During the first 8 months of marketing year 1997/98 (November-97/June-98), lemon exports totaled 444,052 metric tons. Based on that pace, exports are estimated to have reached about 530,000 metric tons, about 19

percent above the previous season. Due to expectations for a slight increase in the crop, lemon exports in 1998/99 are expected increase slightly. The bulk of these exports is expected to go to traditional import markets such as Germany, France and the United Kingdom. In calendar year 1997, Spain exported 485,971 metric tons, 36 percent above the previous year. Exports to the United States in calendar year 1997 were 5,066 metric tons, representing a dramatic increase in comparison with previous year's exports of 358 metric tons.

In calendar year 1997 Spanish lemon imports were 22,533 metric tons, down 12 percent from the previous year. Most of the lemons imported came from Argentina (20,227 tons).

Orange Juice

Following a slight increase in 1997/98, orange juice exports are forecast to decline slightly in 1998/99. Boosted by continued growing demand, imports are forecast to increase.

Other Fresh Citrus

About 300 metric tons of bitter oranges were exported during calendar year 1997, while only 26 tons were imported. Trade in this product is forecast to remain minimal in 1998/99.

Policy

During the 1997/98 campaign, 436,679 tons of oranges and 146,238 tons of lemons received export subsidies. Spanish tangerine and orange juice exports to third countries are not eligible for EU export subsidies.

In addition to direct export subsidies, Spain's government, in conjunction with Spain's Association of Citrus Exporters (Intercitrus), will spend about 900 million pesetas for export market development in 1998/99. This promotional effort will focus on building markets in Germany, the U.K., France, Japan, and the United States.

Marketing

As a major citrus producer, Spain offers few opportunities for U.S. orange, tangerine or lemon exporters. Spain does play an important role as a U.S. competitor, particularly in Europe, where Spain's fruit is generally more price competitive. Spain's citrus exports begin in earnest in November and generally last through March/April.

Due to the increased demand of orange juice, potential exists for exports of U.S. frozen concentrated orange juice. However, U.S. orange juice would face stiff competition from other orange juice producing countries, particularly Brazil and Israel. Brazil currently dominates the import market, mainly in the form of unsweetened concentrates (6 to 1 concentration for the most part), which are blended with domestic products to improve their quality and reduce costs. Nonetheless, U.S. citrus processors/exporters should study possible market opportunities for citrus blends, especially in the tourism industry. Tetra-pack containers, jars, and tin cans are the principal containers used in marketing orange juice in Spain. Starting in January, import demand for juice generally runs for about 10 months, with approximately 70 percent imported between January and June.

PS&D, and Trade Matrix Tables

PS&D Table Oranges

PSD Table						
Country:	Spain					
Commodity:	Oranges					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		11/1996		11/1997		11/1998
Area Planted	133,200	133,800	133,200	133,800	0	133,800
Area Harvested	123,550	121,700	123,550	121,700	0	121,700
Bearing Trees	25,400	24,900	25,300	24,900	0	24,900
Non-Bearing Trees	1,550	2,500	1,500	2,500	0	2,500
TOTAL No. Of Trees	26,950	27,400	26,800	27,400	0	27,400
Production	2,145	2,200	2,585	2,743	0	2,390
Imports	50	70	30	7	0	50
TOTAL SUPPLY	2,195	2,270	2,615	2,750	0	2,440
Exports	1,180	1,260	1,375	1,350	0	1,200
Fresh Dom. Consumption	600	415	740	750	0	650
Processing	415	595	500	650	0	590
TOTAL DISTRIBUTION	2,195	2,270	2,615	2,750	0	2,440

Export Trade Matrix - Fresh Oranges

Export Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Oranges		
Time period:	C.Y		
Exports for	1996		1997
U.S.	0	U.S.	2
Others		Others	
Germany	376,391	Germany	351,488
France	319,770	France	319,833
Netherlands	157,501	Netherlands	151,419
Belgium	75,147	Belgium	77,408
Poland	60,048	Poland	73,363
United Kingdom	59,557	United Kingdom	61,476
Italy	49,939	Italy	46,004
Czech Republic	34,043	Czech Republic	37,328
Switzerland	22,109	Switzerland	24,730
Austria	20,804	Austria	24,428
Total for Others	1,175,309		1,167,477
Others not listed	105,247		119,365
Grand Total	1,280,556		1,286,844

Import Trade Matrix - Fresh Oranges

Import Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Oranges		
Time period:	C.Y.		
Imports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
South Africa	14,760	South Africa	20,818
Argentina	7,105	Argentina	11,619
Morocco	6,579	Uruguay	8,552
Uruguay	4,244	Brazil	6,766
Netherlands	3,307	Netherlands	5,823
Portugal	1,872	Morocco	2,403
United Kingdom	1,745	Zimbabwe	1,978
Brazil	1,530	France	1,959
Swaziland	1,058		
Total for Others	42,200		59,918
Others not listed	1,218		2,175
Grand Total	43,418		62,093

PS&D Table Fresh Tangerines

PSD Table						
Country:		Spain				
Commodity:		Fresh Tangerines				
	Market Year Begin	1996		1997		1998
		Old	New	Old	New	Old
			11/1996		11/1997	11/1998
Area Planted		96,000	97,072	98,000	97,072	0
Area Harvested		81,000	82,800	83,000	82,800	0
Bearing Trees		17,000	17,000	17,500	17,000	0
Non-Bearing Trees		2,200	2,900	2,300	2,900	0
TOTAL No. Of Trees		19,200	19,900	19,800	19,900	0
Production		1,420	1,600	1,780	1,970	0
Imports		3	2	2	2	0
TOTAL SUPPLY		1,423	1,602	1,782	1,972	0
Exports		1,000	1,237	1,180	1,460	0
Fresh Dom. Consumption		315	295	400	300	0
Processing		108	70	202	212	0
TOTAL DISTRIBUTION		1,423	1,602	1,782	1,972	0

Export Trade Matrix - Fresh Tangerines

Export Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Tangerines		
Time period:	C.Y.		
Exports for	1996		1997
U.S.	23,107	U.S.	37,869
Others		Others	
Germany	363,766	Germany	395,382
France	252,141	France	285,562
United Kingdom	111,642	United Kingdom	132,030
Netherlands	86,773	Netherlands	99,726
Belgium	55,324	Belgium	53,945
Italy	37,333	Italy	49,362
Poland	36,171	Poland	48,442
Switzerland	31,269	Czech Republic	36,439
Austria	22,205	Switzerland	35,741
Czech Republic	20,435	Austria	29,524
Total for Others	1,017,059		1,166,153
Others not listed	80,996		113,724
Grand Total	1,121,162		1,317,746

Import Trade Matrix - Fresh Tangerines

Import Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Tangerines		
Time period:	C.Y.		
Imports for	1996		1997
U.S.	1	U.S.	
Others		Others	
Portugal	1,337	Morocco	330
Morocco	426	South Africa	269
Cyprus	351	Uruguay	217
Israel	293	Netherlands	164
Uruguay	217	Cyprus	111
Argentina	185		
South Africa	166		
Netherlands	105		
Brazil	81		
United Kingdom	58		
Total for Others	3,219		1,091
Others not listed	166		213
Grand Total	3,386		1,304

PS&D Table Fresh Lemons

PSD Table						
Country:		Spain				
Commodity:		Fresh Lemons				
Market Year Begin	1996		1997		1998	
	Old	New	Old	New	Old	New
		11/1996		11/1997		11/1998
Area Planted	41,000	42,600	41,000	42,600	0	42,600
Area Harvested	39,000	42,100	38,700	42,100	0	42,100
Bearing Trees	7,800	8,400	7,600	8,400	0	8,400
Non-Bearing Trees	500	100	500	100	0	100
TOTAL No. Of Trees	8,300	8,500	8,100	8,500	0	8,500
Production	448	508	619	647	0	690
Imports	24	22	5	23	0	0
TOTAL SUPPLY	472	530	624	670	0	690
Exports	365	444	454	530	0	540
Fresh Dom. Consumption	50	50	75	60	0	60
Processing	57	36	95	80	0	90
TOTAL DISTRIBUTION	472	530	624	670	0	690

Export Trade Matrix - Fresh Lemons

Export Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Lemons		
Time period:	C.Y.		
Exports for	1996		1997
U.S.	358	U.S.	5,066
Others		Others	
Germany	85,876	Germany	109,135
France	81,308	France	87,453
Poland	51,405	Poland	67,296
Netherlands	31,351	Netherlands	56,689
Italy	23,877	Italy	32,255
United Kingdom	16,267	United Kingdom	28,927
Switzerland	11,334	Belgium	15,204
Czech Republic	8,092	Switzerland	12,477
Greece	6,206	Czech Republic	10,976
Slovakia	4,365		
Total for Others	320,081		420,412
Others not listed	35,739		60,493
Grand Total	356,178		485,971

Import Trade Matrix - Fresh Lemons

Import Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Lemons		
Time period:	C.Y.		
Imports for	1996		1997
U.S.	0	U.S.	1
Others		Others	
Argentina	21,744	Argentina	20,227
France	1,902	Uruguay	1,091
Uruguay	1,022	Netherlands	647
Netherlands	355	France	304
Morocco	146		
Portugal	125		
Total for Others	25,294		22,269
Others not listed	316		263
Grand Total	25,610		22,533

PS&D Table Other Fresh Citrus

PSD Table						
Country:		Spain				
Commodity:		Fresh Citrus,Other				
Market Year Begin	1996		1997		1998	
	Old	New	Old	New	Old	New
		11/1996		11/1997		11/1998
Area Planted	880	700	880	700	0	700
Area Harvested	860	670	860	670	0	670
Bearing Trees	180	140	180	140	0	140
Non-Bearing Trees	10	6	10	6	0	6
TOTAL No. Of Trees	190	146	190	146	0	146
Production	12	12	15	15	0	14
Imports	0	0	0	0	0	0
TOTAL SUPPLY	12	12	15	15	0	14
Exports	2	2	3	3	0	3
Fresh Dom. Consumption	0	0	0	0	0	0
Processing	10	10	12	12	0	11
TOTAL DISTRIBUTION	12	12	15	15	0	14

Export Trade Matrix - Other Fresh Citrus

Export Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Other Citrus		
Time period:	C.Y.		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
EU Countries	164	EU Countries	300
Total for Others	164		300
Others not listed			
Grand Total	164		300

Import Trade Matrix - Other Fresh Citrus

Import Trade Matrix			
Country:	Spain	Units:	Metric Tons
Commodity:	Other Citrus		
Time period:	C.Y.		
Imports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Israel	8	Israel	21
EU Countries	2	EU Countries	5
Mexico	1		
Total for Others	11		26
Others not listed			
Grand Total	11		26

PS&D Orange Juice

PSD Table						
Country:	Spain			Degrees Brix		
Commodity:	Juice, Orange					
	1996		1997		1998	
	Old	New	Old	New	Old	New
Market Year Begin	11/96		11/97		11/98	
Deliv. To Processors	415	595	500	650	0	590
Beginning Stocks	0	0	0	0	0	0
Production	39	39	43	42	0	38
Imports	34	38	30	41	0	42
TOTAL SUPPLY	73	77	73	83	0	80
Exports	58	60	56	64	0	60
Domestic Consumption	15	17	17	19	0	20
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	73	77	73	83	0	80